Government of Saskatchewan

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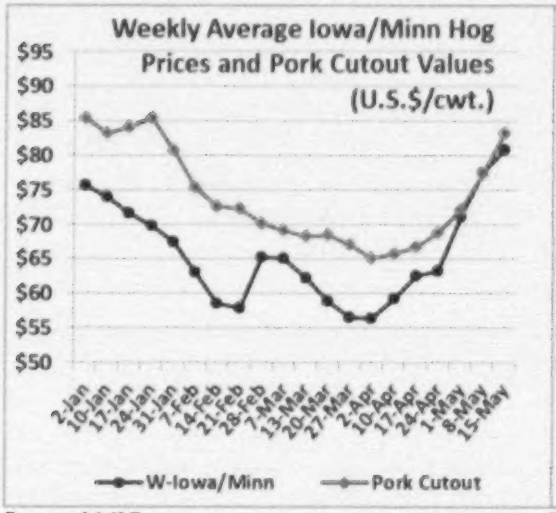
Weekly Hog Report

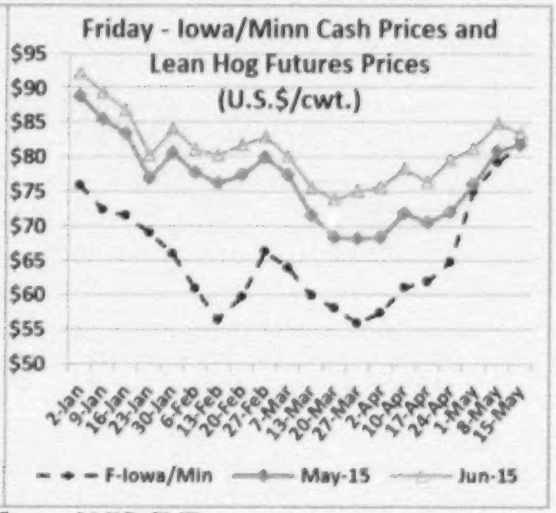
May 19, 2015

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) edged higher over the week to end the week higher; week-over-week. Hog prices on Friday averaged US$81.81 per cwt, up US$2.65 per cwt from US$79.16 per cwt the previous Friday. The negotiated base price for the week averaged US$80.88 per cwt, up US$3.43 per cwt from US$77.45 per cwt the previous week. Slaughter weight hog prices gained strength from higher pork cutout values with increased spring demand.



Source: LMIC



Source: LMIC, CME

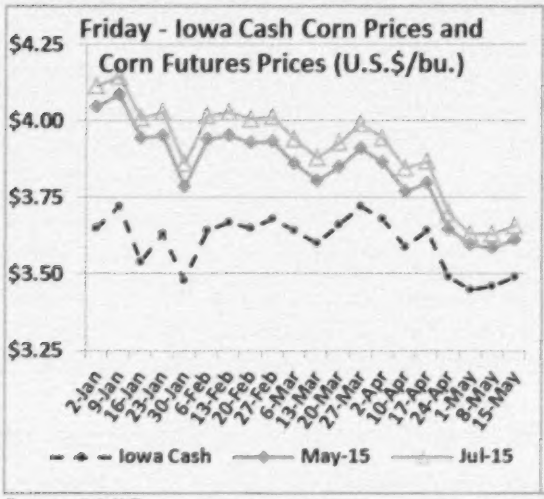
In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday May 15, 2015 was $176.31 per ckg, up $2.02 per ckg or 1.2 per cent from $174.29 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged $176.57 per ckg, up $6.90 per ckg or 4.1 per cent from the previous weeks' average price of $169.67 per ckg. The Canadian dollar edged higher last week to close Friday at 83.18 cents; up 0.47 cents from the previous Friday's close of 82.71 cents.

Futures Markets

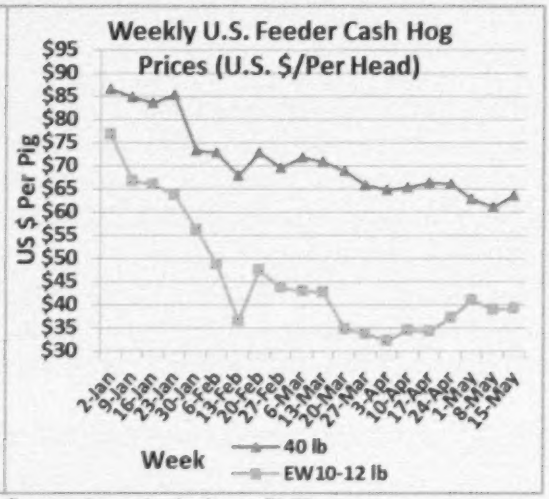
Lean hog futures daily prices were mixed last week. The nearby May 2015 lean hog futures contract increased US$0.85 per cwt to expire at US$81.850 per cwt. The June 2015 contract declined US$1.475 per cwt to settle Friday at US$83.350 per cwt, while the August contract declined US$0.200 per cwt to settle Friday at US$84.025 per cwt.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were higher last week. Weighted average cash prices for iso-weans (12lb) last week were US$39.28 per head, up US$0.40 per head from US$38.88 per head the previous week. Feeders (40lb) were US$63.58 per head, up $2.57 per head from US$61.01 per head the previous week.



Source: LMIC



Source: Iowa Agriculture, CME

Iowa cash corn prices edged higher increasing three cents per bushel to end Friday at US$3.49 per bushel. Daily U.S. corn futures daily prices were mixed over the week but ended slightly higher. The May 2015 corn contract increased 2½ cents to expire at $3.61 per bushel, while the July contract increased 2½ cents to settle Friday at US$3.65½ per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending May 16 were estimated at 2.128 million head, up 0.8 per cent from 2.111 million head the previous week, and up 6.5 per cent from 1.998 million head the same week a year ago. U.S. hogs slaughtered over the last four weeks averaged 2.139 million head per week, up 6.8 per cent from 2.003 million head the same four week period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending May 9, 2015 were estimated at 404,922 head, up 0.5 per cent from 402,956 head the previous week, and up 3.1 per cent from 392,876 head the same week a year ago. Canadian hogs slaughtered over the last four weeks ending May 9, 2015, were estimated to average 406,678 head, up 7.4 per cent from 378,493 head over the same period a year ago.

In Western Canada, hogs slaughtered over the last four weeks averaged 166,865 head, up 2.6 per cent from 163,335 head the previous week, and up 1.1 per cent from 162,576 head over the same period a year ago. Western Canadian hogs slaughtered year-to-date totaled 3.170 million head, up about 3.1 per cent from 3.073 million head the same period a year ago.

Meat Production

U.S. pork production for the week ending May 16, 2015 was estimated at 454.4 million lb., up 0.6 per cent from 451.7 million lb. the previous week, and up 5.4 per cent from 431.3 million lb. the same week a year ago. Pork production over the last four weeks ending May 16 was estimated to average 456.8 million lb., up 5.4 per cent from 433.2 million lb. over the same four week period a year ago.

U.S. beef production for the week ending May 16, totaled 461.7 million lb., up 0.3 per cent from 460.3 million lb. the previous week, but down 1.5 per cent from 468.7 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending May 9, 2015, was estimated to average 2.004 billion lb., up 6.2 per cent from 1.888 billion lb. over the same four weeks a year ago. Total U.S. meat production year-to-date for 2015 is estimated to be up 4.0 per cent compared to the same period in 2014.

United States Weekly Meat Production

(May 9) Four Week Average - Million Lb.			Percent Change	
	2014	2015	4 Week	YTD 2015
Pork	432.1	470.6	8.9%	6.6%
Beef	455.7	440.7	-3.3%	-4.2%
Chicken	881.9	960.8	9.0%	6.9%
Turkey	118.0	132.0	11.9%	3.8%
Total	**1,887.6**	**2,004.2**	**6.18%**	**4.00%**

Source: LMIC

Cutout Values

U.S. pork cutout values for the week ending May 16, 2015 averaged US$83.18 per cwt, up US$5.93 per cwt or 7.7 per cent from US$77.25 per cwt the previous week, but down 26.5 per cent from US$113.16 per cwt from a year ago. Pork cutout values had a very strong week increasing noticeably from the previous week with increased demand.

Average beef cutout values (Choice 600-900 lb.) for the week ending May 16 average US$262.07 per cwt, up US$5.46 per cwt from US$256.61 per cwt from the previous week, and up 16.3 per cent from US$225.34 per cwt the same week a year ago. Weekly prices were very close to the weekly record highs of US$262.26 per cwt established in early August 2014.

Average chicken cutout values (Northeast breast) for the week ending May 16 averaged US$166.95 per cwt, up US$1.18 per cwt from US$165.77 per cwt from the previous week, but down 9.2 per cent from US$183.77 per cwt the same week a year ago.

USDA World Agricultural Supply and Demand Estimates (WASDE)

On May 12 the USDA released the May World Agricultural Supply and Demand Estimates (WASDE). United States (U.S.) corn ending stocks are estimated to decline by 5.7 per cent from the previous year estimates to 1.746 billion bushels. Higher feed usage and increased exports along with lower production estimates for 2015/2016 result in these

lower ending stocks. Average farm price estimates for corn were widened and now projected to range from US$3.20 to US$3.80 per bushel.

The May USDA WASDE report estimated that United States Red Meat and Poultry production for 2015 will be 95.583 billion lb., a 0.3 per cent increase from the April estimates, and a 3.7 per cent increase from 92.171 billion lb. from 2014 production. Pork production estimates for 2015 were increased by 0.6 per cent from the April estimates to 24.396 billion lb. and are now estimated to be 6.8 per cent above the 2014 production numbers. Higher second quarter slaughter numbers and anticipated larger second half slaughter numbers are the main reason pork numbers are projected higher. U.S. beef production estimates in May were revised 0.3 per cent higher from April primarily because of heavier weights. United States meat production for 2015 is projected to increase for pork (+6.8%), broilers (+4.2%), and turkeys (+3.9%), and increase slightly for beef (+0.1%), from 2014 production.

USDA May World Agricultural Supply and Demand Estimates

		Million Pounds				Total Red Meat
	Quarter	Beef	Pork	Broiler	Turkey	& Poultry
2013	**Annual**	**25,720**	**23,187**	**37,830**	**5,806**	**93,333**
2014	**Annual**	**24,252**	**22,843**	**38,550**	**5,756**	**92,171**
2015	April Proj.	24,210	24,240	40,025	6,025	95,284
2015	**May Proj.**	**24,274**	**24,396**	**40,161**	**5,979**	**95,583**
% Chg.	Apr.- May.15	0.26%	0.64%	0.34%	-0.76%	**0.31%**
% Chg.	**2014-2015**	**0.09%**	**6.80%**	**4.18%**	**3.87%**	**3.70%**
2016	**May Proj.**	**24,505**	**24,700**	**40,975**	**6,210**	**97,178**

Source: USDA May WASDE Report, May 12, 2015

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